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INFO RUEKJCS/SECDEF WASHDC PRIORITY  
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY  
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UNCLAS SECTION 01 OF 09 TOKYO 001321

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E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 05/14/08

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- (1) Chief Cabinet Secretary Machimura: Japan is considering plan for prime minister to attend World Food Summit

TOKYO SHIMBUN ONLINE NEWS (Full)  
May 14, 2008, 12:13

Kyodo

Chief Cabinet Secretary Nobutaka Machimura revealed at a news conference this morning that the government was considering a plan

for Prime Minister Yasuo Fukuda to attend the United Nations Food and Agricultural Organization's (FAO) World Food Summit in Rome slated for June 3-5.

Machimura emphasized: "Given that Japan is the host nation of the upcoming Group of Eight (G-8) Hokkaido Toyako Summit, it will be very significant for the prime minister to attend the World Food Summit. If it were realized, the prime minister would be able to meet with leaders of the G-8 ahead of the G-8 summit."

UN Secretary General Ban Ki Moon has asked leaders of all UN member states to attend the World Food Summit. French President Sarkozy and some other leaders have indicated their plans to take part in the food summit.

(2) Battle between Fukuda, Ozawa in Diet to continue into fall

ASAHI (Page 4) (Full)  
May 14, 2008

Despite declining public support for the cabinet of Prime Minister Fukuda, there are no moves in the Liberal Democratic Party (LDP) to "dump Fukuda". The Democratic Party of Japan (DPJ), which has control in the House of Councillors, also remains unable to force the government to dissolve the House of Representatives. The battle between Prime Minister Fukuda and DPJ President Ozawa will be carried over to the extraordinary Diet session in the fall.

Fukuda dependent on plan to shift highway tax revenues to general budget

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On the night of April 27, when the Liberal Democratic Party (LDP) candidate was defeated in the by-election in Yamaguchi 2nd District for a Lower House seat, Prime Minister Fukuda said: "I will neither call a general election nor step down." This remark came when former Prime Minister Mori and former Upper House Chairman Mikio Aoki visited the Prime Minister's Official Residence. Hearing the prime minister's remark, many LDP members felt a sense of relief.

A senior faction member who supported Fukuda in the party presidential election last fall explained why there are no moves afoot to "dump Fukuda" in the party despite declining public support for his cabinet: "Not dissolving the Lower House is the best way to shore up the prime minister's political base."

The LDP wants to avoid an early dissolution of the Lower House because: (1) it will not be able to fight evenly with the DPJ in a general election, with low public support ratings for the cabinet; and (2) it does not want to lose its two-thirds majority in the Lower House. The term of office of the incumbent Lower House members expires in the fall of next year. Keeping in mind the timeframe, the LDP is apparently aiming to prolong the life of the current administration and carry out a cabinet reshuffle when it runs out of steam before facing a general election.

Former Prime Minister Koizumi said to Diet Affairs Committee Chairman Tadamori Oshima and others when they dined together on the night of May 12: "The government should not dissolve the Lower House this year. It might be O.K. to do that after the G-8 Summit next year."

Fukuda has reiterated: "We are too busy to dissolve the Lower House before the Lake Toya Summit in July." After the Summit, though, he will lose his good excuse. He thus has proposed a plan to incorporate highway-related tax revenues into the general budget starting next fiscal year.

If the prime minister's approach is undermined, it will end up just benefiting the DPJ. Given this, even the road-policy clique in the Diet finds it difficult to take action to "dump Fukuda." Meanwhile, if the LDP puts up the banner of reform, the party will not be pressed by the DPJ to dissolve the Lower House. In the LDP, there is the calculation that it will be possible that the administration will maintain its slender existence while dodging attacks from the

road-policy clique and the DPJ until a bill to shift the tax revenues into the general budget is drafted at the end of the year.

In May and June, reports of recommendations will be produced by experts' conferences under the sponsorship of the prime minister on creating a consumer agency, global warming countermeasures, reform of the social insurance system, and the like. Chief Cabinet Secretary Machimura said: "Prime Minister Fukuda's policy identity will be demonstrated." If public support rises, the government would be able to regain the political initiative. In such a case, the government would be able to shake up the DPJ by taking up such issues as raising the consumption tax rate in the run-up to the DPJ presidential race in September.

For Fukuda, who has sealed off the possibility of using the right to dissolve the Lower House, shuffling the cabinet is one of a few cards left for him. In the meeting with Mori and Aoki, Fukuda discussed the best timeframe for shuffling the cabinet, focusing on sometime between the July Summit and September. By reshuffling the

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cabinet, the prime minister wants to make a fresh start, but he must avoid a decline in his political strength as a result of a scandal involving a new cabinet minister or dissatisfaction at a new lineup. The prime minister intends to carefully find the best timing for a cabinet shuffle.

Ozawa confident in long-term strategy

DPJ President Ozawa emphasized in a press conference yesterday: "Our party will be able to win a victory in at least more than 150 (electoral districts). We would like to start full-scale preparations for the election while carefully selecting candidates."

In mid-April, Ozawa visited five prefectures in one week. A close aide said, "The first round of preparations for the election has now ended." In late May, Ozawa is scheduled to go on a tour of electoral districts to which he gives priority, such as Kyushu and Okinawa.

To maintain his grip on the party until the September presidential race, Ozawa will try to keep a tense atmosphere in the party with a continuous call for a general election. His basic stance remains unchanged, but the victory in the Yamaguchi by-election has made Ozawa more confident in managing the party and in being reelected party president. As a result, Ozawa has begun to take a long-term strategy to continue to attack the Fukuda administration in the Diet until the LDP self-destructs, instead of resorting to a censure motion against Fukuda, since he is unlikely to dissolve the Lower House at an early date.

Ozawa left for South Korea on the day after the government took an override vote on a bill to revive the provisional gasoline tax rate on April 30. After returning home, he enjoyed some ocean fishing. He expressed this view in a study meeting of local assembly members on May 12: "They will not dissolve the Lower House when its inconvenient for them."

Behind his confidence is not only the victory in the Yamaguchi by-election. In opinion surveys by news companies, DPJ support ratings have outpaced LDP's. This is also a favorable factor for Ozawa to be reelected in the DPJ presidential election. Vice President Seiji Maehara has asserted that a rival candidate against Ozawa should be fielded. Former Policy Research Council Chairman Yukio Edano also said in a TV program: "We will take a vote and show it to you." But many DPJ members take the view that Mr. Ozawa will surely be reelected.

Although the ruling coalition tried to lead the Upper House DPJ to an intraparty split over the highway construction-related policy, such never took place. This is also behind the party's confidence. Even if dissolving the Lower House is delayed to early next year as a result of the long-term battle between Fukuda and Ozawa, there are many materials for the main opposition party to attack the ruling camp, such as the expiration of the Special Law on Maritime Self-Defense Force's Refueling and the new system that charges the

elderly for medical care.

One of the leadership gives this explanation about the change in Ozawa's mental attitude: "There will be one more year if he is reelected in the presidential election. He will be in the position of driving the other side into a corner. There is no need for him to act hastily.

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### (3) Rocky path lies ahead of prime minister

NIKKEI (Page 2) (Excerpts)  
May 14, 2008

The Diet yesterday readopted a bill designed to keep road-related tax revenues earmarked for building highways. This has put an end, at least for the time being, to the fierce battle between the ruling and opposition camps over a series of contentious issues, including the selection of the new Bank of Japan governor and deputy governors and the question of road-related revenues. With the term of the incumbent Lower House members scheduled to expire in 16 months, the political situation is likely to revolve around the possible timing for Lower House dissolution for a snap general election. No matter how matters turn out, Prime Minister Yasuo Fukuda is certain to continue walking a rough and thorny path.

Prime minister could shuffle his cabinet this summer

Kenji Hirata, secretary general of the Upper House Democratic Party of Japan, was asked in a press conference yesterday whether or not his party would submit a censure motion against the prime minister. In response, Hirata simply said: "We will make a decision at a certain time. We have yet to discuss the matter in concrete terms."

A censure motion is not binding. The DPJ is keeping a possible motion in reserve, thinking that even if one was adopted by the Upper House, the prime minister might ignore it. The DPJ also thinks it would be better to expose the Fukuda cabinet's blunders through Diet debates. The major opposition party also regards an extremely unpopular Prime Minister Fukuda as an easy target.

If the current Diet session ends without the submission of a censure motion, the next political climax is likely to come in the fall. The prime minister has cut off his retreat, vowing to use road-related tax revenue for general purposes starting in fiscal 2009. His failure to deliver on his promise would let down the general public and young lawmakers.

The DPJ then would submit a censure motion against the prime minister, labeling him as reluctant to implement reform. The DPJ also anticipates that the adoption of the motion by the Upper House would drive the prime minister to bay, making it extremely difficult for him to run his administration while under pressure from the public and the ruling parties.

Whether or not the prime minister can actually transfer road revenues into the general account could determine his fate.

The prime minister might shuttle his cabinet shortly after the July G-8 Lake Toya Summit to show his own political identity. The prime minister could also decide to dissolve the Lower House sometime between the fall and next spring once a basic plan to reform the tax system, including road-related revenues, is put together.

Fukuda may resign as prime minister after the Summit

Even if the prime minister can display strong leadership in freeing up road revenues, there is no doubt that plummeting approval ratings for the Fukuda cabinet will work like a series of body blows.

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In recent opinion polls, cabinet approval rates fell to about 20

PERCENT . The ruling bloc was shocked more by the fact that the DPJ has overtaken the LDP in popularity. There is a "rule" in the LDP that the administration collapses when the support rates for the cabinet and party totaled together fall below 50 PERCENT in total. In a recent Nikkei poll, the combined figure was 54 PERCENT , close to the danger zone.

According to this rule, a big event could occur around the G-8 Summit in July. Such members as Taro Aso and Kaoru Yosano, who are regarded as possible successors to Fukuda, have enhanced their presence, releasing proposals or books. The LDP might begin paving the way for the next prime ministerial race following Fukuda's resignation after the G-8 Summit.

LDP wants to avoid an election

The LDP is visibly reluctant to face an election anytime soon. Faced with declining popularity and the mounting headwind resulting from the controversial medical system for the elderly and other matters, the LDP thinks it is difficult to retain its current strength allowing it to readopt bills in the Lower House.

Former LDP Secretary General Hidenao Nakagawa, delivering a speech at a political fund raising party jointly held yesterday by the Koga and Tanigaki factions, expressed a negative view about early Lower House dissolution for a general election.

Rising prices and the deteriorating economic climate resulting from soaring oil prices also deserve attention. Given ballooning social security expenses, discussing fundamental tax reform without tax hikes is inconceivable. It is unknown if the ruling parties are really willing to discuss tax increases -- a topic unsuitable for an election -- when the economy is slowing down.

Finding subjects appealing to the general public is not easy. A dump Fukuda move is not gaining momentum in the LDP, either.

The opposition parties are also devoid of a silver bullet that can put an end to the Fukuda administration. As such, the Fukuda administration might continue "flying low" until next year. Lawmakers are also likely to continue making moves with a view to political realignment after the next Lower House election.

(4) Bill amending Road Construction Revenues Special Exemption Law adopted in second vote: DPJ lacks strategy in pursuing government, ruling camp

TOKYO SHIMBUN (Page 2) (Full)  
May 14, 2008

The Democratic Party of Japan (DPJ or Minshuto) yesterday strongly objected to the enactment of the bill amending the Road Construction Revenues Special Exemption Law by an override vote in the Lower House. It has also clarified its determination to continue the pursuit of the special-purpose road construction revenues issue through Diet debate. However, the truth is that the battle over road funds, the biggest point at issue in the current Diet session, has passed a crucial stage. The DPJ will find it difficult to come up with new issues to confront the LDP before the end of the Diet session, only a month away.

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DPJ President Ozawa at a press conference lashed out at the Fukuda administration for adopting the bill by taking another vote: "Adopting a bill that was once rejected is an act of disloyalty to the people. The ruling parties have left a stain in the annals of the constitutional government." Deputy President Kan, showing his resolve to do battle, said, "We don't consider the matter settled for the time being."

He then added, "We want to propose in the form of a bill our concept for reallocating road funds as general expenditures, depending on the situation." He noted that the DPJ bill would include drastic reforms, such as transferring the authority to construct roads, excluding highways, to local governments and abolishing the Regional

Development Bureau, which the DPJ views as the "hotbed for wasting tax money." The aim is to pursue the government and the ruling parties, using this bill as a driving force.

However, for some in the DPJ, the current Diet session is practically over, as one junior lawmaker noted. That is because since there are no strategic opportunities left, such as the recent lowering of gasoline prices, so it will be difficult to hold public interest, as one DPJ-connected source explained.

The DPJ pins high hopes on making an issue of the new medical service system for elderly people (over 75). Four opposition parties plan to jointly present a bill possibly later in the month aimed at abolishing the system. If the ruling parties vote it down or take no action in the Lower House, then the opposition camp might consider resorting to playing their reserved card of submitting a censure motion against Prime Minister Fukuda.

However, the government and the ruling parties are also looking into relief measures, including additional measures to reduce burdens of low-income earners. The public tends to pay attention to measures proposed by the government and the ruling parties, instead of the opposition camp's proposal for scrapping the system, which has only a slim possibility of being acted on.

Ozawa during his press conference categorically said, "The DPJ wants to increase its readiness for an election either in July or in August, but it could even be in June." Ozawa's interest again appears to have shifted to preparations for the next Lower House election.

(5) Kasumigaseki confidential: Senior Foreign Ministry officials visit U.S. in succession

BUNGEI SHUNJU (Page 235 & 236)  
June 2008

Senior Foreign Ministry officials have been put to a test over Japan-U.S. cooperation on the North Korea issue.

The purpose of visits to Washington by three senior officials, including Administrative Vice Minister Mitoji Yabunaka, who joined the ministry in 1969, was to find out the Bush administration's real intention on the issue of delisting North Korea as a state sponsor of terrorism. Yabunaka entered ministry in 1969 (MOFA class of 1969). Despite their efforts, channels of communication between Tokyo and Washington have not worked well. So, the Japanese side is concerned about such a situation.

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In March, Yabunaka sent Asian and Oceanian Affairs Bureau Director General Akitaka Saiki (MOFA class of 1976) to Washington to have him ask Assistant Secretary of State Christopher Hill the result of his talks with North Korean Vice Foreign Minister Kim Kye Gwan in Geneva. Deputy Foreign Minister Kenichiro Sasae (MOFA class of 1974), Saiki's predecessor, also visited Washington, following Saiki.

In April, Saiki flew to Beijing to get briefed on the result of U.S.-North Korea talks from Hill. Immediately after that, Yabunaka made a trip to Washington. After visiting the White House, the vice presidential office, the State Department and the Defense Department, Yabunaka met with Deputy Secretary of State Richard Armitage, a brain-trust policy advisor to Sen. John McCain, a Republican presidential candidate, former Assistant Secretary of State Susan Rice, a brain-trust advisor to Sen. Barack Obama, a Democratic presidential candidate, and former Deputy Assistant Secretary of Defense Curt Campbell, a brain-trust policy advisor to Hilary Clinton, a Democratic presidential candidate. The visits to the U.S. by Yabunaka, Sasae, and Saiki -- Japan's successive chief delegates to the six-party talks -- symbolize the present situation that the North Korea issue has become the only issue that would sway the Japan-U.S. alliance. For Japan, which has to resolve the abduction issue, removal of North Korea from the U.S. list of state sponsors of terrorism is a matter of vital importance.

Kimihiro Ishigane (MOFA class of 1981), secretary to then Chief Cabinet Secretary Yasuo Fukuda, serves now as secretary to Prime Minister Fukuda. Jun Niimi (MOFA class of 1983), former secretary to a chief cabinet secretary, is now minister at the embassy in Washington. Niimi is in charge of dealing with the U.S. Congress. However, Japanese government officials are unable to analyze the U.S. side's responses. The Fukuda government appears to have formed a "North Korea shift." Foreign Ministry officials have mounting frustrations.

(6) Poll on Constitution

ASAHI (Page 14) (Full)  
May 3, 2008

Questions & Answers

(Figures shown in percentage, rounded off. Bracketed figures denote proportions to all respondents.)

Q: Do you think it's now realistic to revise the Constitution, or do you otherwise think it's still up ahead to do so?

Realistic 52  
Still up ahead 35

Q: (Only for those who answered "it's realistic") Why? (One choice only)

Because the nation is now institutionally ready with a national referendum law in place 20(11)  
Because there are now specific plans, such as the Liberal Democratic Party's draft of a new constitution 15(8)  
Because there is now a better understanding in the nation 57(30)

Q: (Only for those who answered "it's still up ahead") Why? (One choice only)

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Because the ruling and opposition parties are squaring off in the Diet 19(7)  
Because Prime Minister Abe, who was positive about revising the Constitution, has stepped down 5(2)  
Because there's still no momentum in the nation 71(24)

Q: When you look at the Constitution as a whole, do you think it needs to be revised?

Yes 56  
No 31

Q: (Only for those who answered "yes") Why? (One choice only)

Because we want to create a new constitution with our own hands 9(5)  
Because there is something wrong with Article 9 13(7)  
Because new rights and systems should be incorporated 74(42)

Q: (Only for those who answered "no") Why? (One choice only)

Because the Constitution has taken root in the nation and there's nothing wrong to revise it 29(9)  
Because Article 9 could be changed 51(16)  
Because it helps guarantee freedom and rights 17(5)

Q: Constitution Article 9 stipulates that Japan renounces war and maintains no war potential. Do you think it would be better to change this provision?

Yes 23  
No 66

Q: (Only for those who answered "yes") How would you like Constitution Article 9 to be changed?

Only describe the existence of the Self-Defense Forces 56(13)  
Define the SDF as a military entity as in other countries 38(9)

Q: What do you think about SDF activities overseas from now on? How far do you think the SDF should be allowed to act overseas? Pick only one that is closest to your opinion.

The SDF should not be allowed at all to act overseas 15  
The SDF should be allowed to act overseas with no use of force 64  
The SDF should be allowed to use force if necessary 17

Q: In the Diet, the ruling parties currently dominate the House of Representatives, with the opposition parties controlling the House of Councillors. As it stands, legislative measures and government appointments can hardly get through the Diet. However, opposition standpoints can be easily reflected. Do you think the present Diet situation is favorable?

Yes 26  
No 62

Q: When it comes to budget plans and laws for Diet approval, the Constitution currently empowers the House of Representatives over the House of Councillors. Concerning this, there is an opinion saying the Constitution should be revised to give more authority to

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the House of Representatives. Do you agree to this opinion?

Yes 23  
No 58

Polling methodology: The survey was conducted Apr. 19-20 over the telephone on a computer-aided random digit dialing (RDD) basis. Respondents were chosen from among the nation's voting population on a three-stage random-sampling basis. Among randomly generated telephone numbers, those actually for household use with one or more eligible voters totaled 3,600. Valid answers were obtained from 2,084 persons (58 PERCENT ).

DONOVAN